



G FUND

Government Securities Investment Fund

Fund Information

Net Assets

as of December 31, 2003
\$53.3 billion

2003 Administrative Expense Ratio

.10% (10 basis points)
\$1.00 per \$1,000
account balance

Asset Manager

Federal Retirement
Thrift Investment Board

Returns

as of December 31, 2003

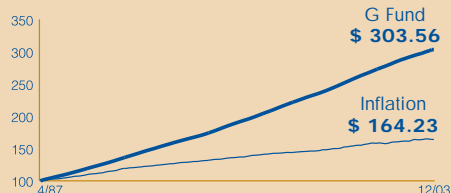
	G Fund ¹	G Fund-Related Securities ²
1 Year	4.1	4.1
5 Year	5.4	5.4
10 Year	6.0	6.1
Since Inception	6.9	6.9

April 1, 1987

(See footnotes on back.)

Growth of \$100

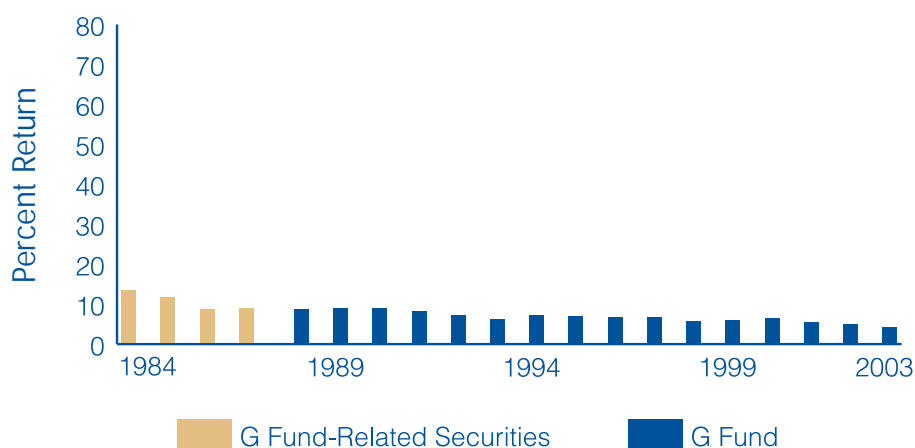
Since Inception



Key Features

- The G Fund offers the opportunity to earn rates of interest similar to those of long-term government securities but without any risk of loss of principal and very little volatility of earnings.
- The objective of the G Fund is to maintain a higher return than inflation without exposing the fund to risk of default or changes in market prices.
- The G Fund is invested in short-term U.S. Treasury securities specially issued to the TSP. Payment of principal and interest is guaranteed by the U.S. Government. Thus, there is no "credit risk."
- Earnings consist entirely of interest income on the securities.
- Interest on G Fund securities has outpaced inflation and 90-day T-bills.

G Fund Returns* 1984 – 2003



* For periods before the inception of the G Fund, the rate shown is the statutory rate (without deduction for administrative expenses).

G FUND FACTS

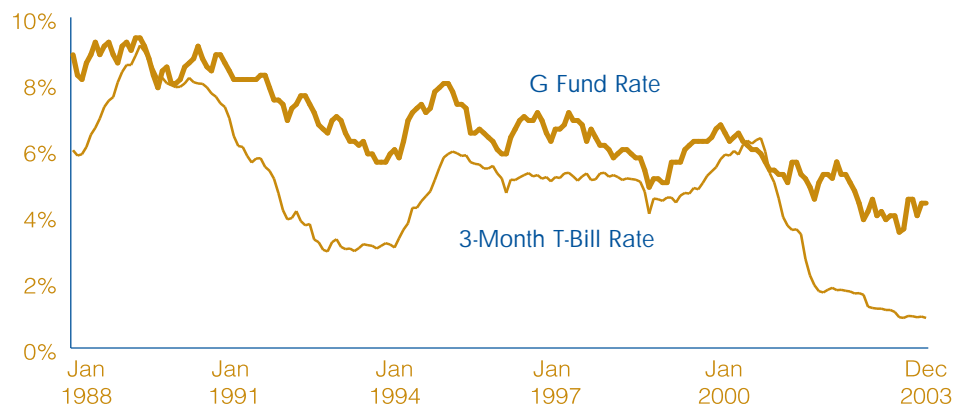
By law, the G Fund must be invested in nonmarketable U.S. Treasury securities specially issued to the TSP. The G Fund investments are kept by electronic entries which do not involve any transaction costs to the TSP. The G Fund rate is set once a month by the U.S. Treasury based on a statutorily prescribed formula (described below), and all G Fund investments earn that interest rate for the month. (The G Fund rate is also used in other government programs, such as the Social Security and Medicare trust funds and the Civil Service Retirement and Disability Fund.)

The Board invests the G Fund exclusively in short-term securities (with maturities ranging from 1 day to 4 days over holiday weekends), but the securities earn a long-term interest rate. Because the Board pursues its strategy of investing the G Fund in short-term securities, the value of G Fund securities does not fluctuate; only the interest rate changes. Thus, when the monthly G Fund interest rate goes up, G Fund earnings accrue faster; when the G Fund interest rate declines, G Fund earnings accrue more slowly.

Calculation of G Fund Rate — G Fund securities earn a statutory interest rate equal to the average market yield on outstanding marketable U.S. Treasury securities with 4 or more years to maturity. The G Fund rate is calculated by the U.S. Treasury as the weighted average yield of approximately 65 U.S. Treasury securities on the last day of the previous month. The yield of each security has a weight in the G Fund rate calculation based on the market value of that security. (Market value is the outstanding dollar amount of the security measured at its current market price. The larger the dollar amount of a security outstanding, the larger its weight in the calculation.) The Treasury securities used in the G Fund rate calculation have a weighted average maturity of approximately 15 years.

G Fund Yield Advantage

January 1988 – December 2003



The G Fund interest rate averaged 1.8 percentage points (180 basis points) more per year than 3-month T-bill rates since January 1988.

The G Fund Yield Advantage — The G Fund rate calculation described above, along with the Board's policy of investing exclusively in short-term maturities, results in a long-term rate being earned on short-term securities. Because long-term interest rates are generally higher than short-term rates, G Fund securities usually earn a higher rate of return than do short-term marketable Treasury securities. In the chart above, the G Fund rate is compared with the rate of return on 3-month marketable Treasury securities (T-bills). From January 1988 through December 2003, the G Fund rate was, on average, 1.8 percentage points higher per year than the 3-month T-bill rate.

Notes from front:

¹ Rate of return after deduction of TSP administrative expenses.

² Statutory rate of return calculated by U.S. Treasury, without any deduction for administrative expenses.



F FUND

Fixed Income Index Investment Fund

Fund Information

Net Assets

as of December 31, 2003
\$10.5 billion

2003 Administrative Expense Ratio

.10% (10 basis points)
\$1.00 per \$1,000
account balance

Number of Securities

4,148

Average Duration

4.4 years

Average Coupon Rate

5.43%

Benchmark Index

Lehman Brothers U.S. Aggregate
bond index
www.lehman.com

Asset Manager

Barclays Global Investors

Returns

as of December 31, 2003

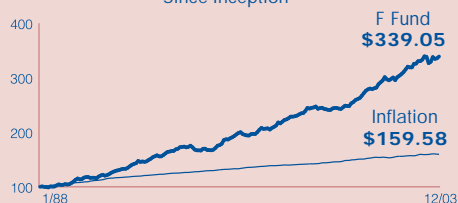
	F Fund ¹	LBA Index ²
1 Year	4.1	4.1
5 Year	6.7	6.6
10 Year	6.9	6.9
Since Inception	7.9	8.3

Jan. 29, 1988

(See footnotes on back.)

Growth of \$100

Since Inception

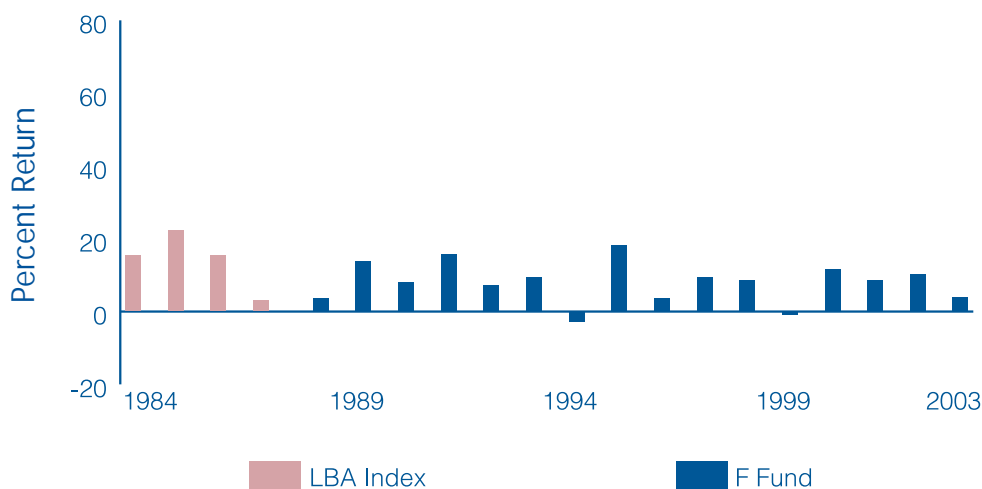


Key Features

- The F Fund offers the opportunity to earn rates of return that exceed those of money market funds over the long term (particularly during periods of declining interest rates), with relatively low risk.
- The objective of the F Fund is to match the performance of the Lehman Brothers U.S. Aggregate (LBA) index, a broad index representing the U.S. bond market.
- The risk of nonpayment of interest or principal (credit risk) is relatively low because the fund includes only investment grade securities and is broadly diversified. However, the F Fund has market risk (the risk that the value of the underlying securities will decline) and prepayment risk (the risk that the security will be repaid before it matures).
- Earnings consist of interest income on the securities and gains (or losses) in the value of securities resulting from changing market interest rates.

F Fund Returns*

1984 – 2003



* For periods before the inception of the F Fund, the rate shown is the return of the LBA index (without deduction for management fees, trading costs, and administrative expenses).

F FUND FACTS

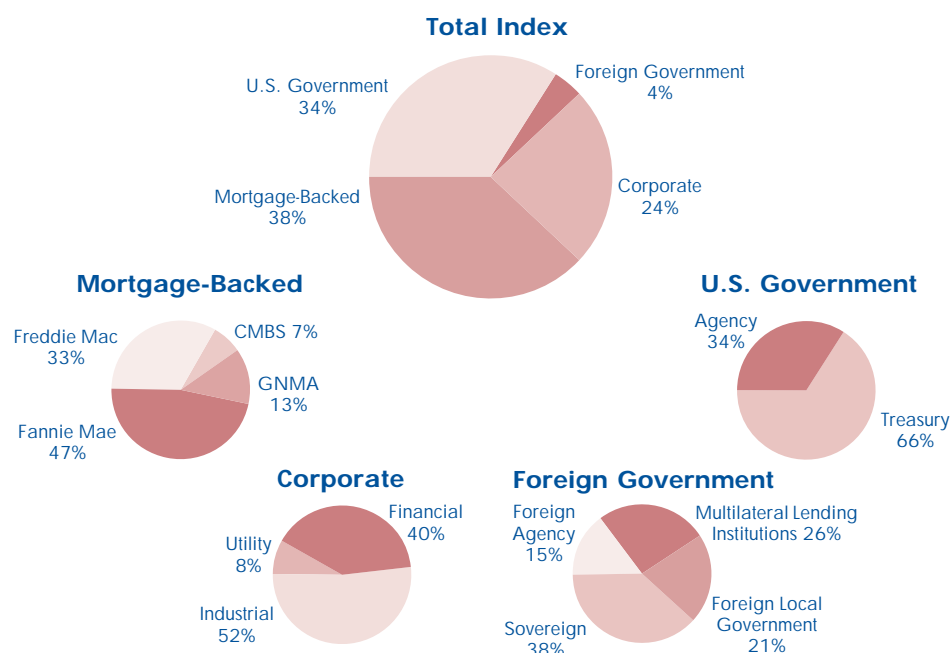
By law, the F Fund must be invested in fixed-income securities. The Board has chosen to invest the F Fund in an index fund that trades the Lehman Brothers U.S. Aggregate (LBA) index, a broadly diversified index of the U.S. bond market.

The **LBA index** consists of high quality fixed-income securities with maturities of more than one year. The index represents the U.S. Government, mortgage-backed securities, corporate, and foreign government sectors of the U.S. bond market.

On December 31, 2003, the LBA index included 6,766 notes and bonds. The average LBA index coupon rate was 5.53%, which means that, on an annual basis, interest income equalled approximately 5.53% of the face value of the securities in the LBA index. The average duration of the LBA index was 4.4 years, which means that a 1% increase (decrease) in interest rates could be expected to result in a 4.4% decrease (increase) in the price of the security. New issues are added continuously to the LBA index, and older issues drop out as they reach maturity.

LBA Index

Bond Market Sectors
December 31, 2003



Barclays U.S. Debt Index Fund — The F Fund is invested in the Barclays U.S. Debt Index Fund. Because the LBA index contains such a large number of securities, it is not feasible for the Barclays U.S. Debt Index Fund to invest in each security in the index. Barclays uses mathematical models to select a representative sample of the various types of mortgage-backed, U.S. Government, corporate, and foreign government securities included in the overall index. Within each sector, Barclays selects securities that, as a whole, are designed to match important index characteristics such as duration, yield, and credit rating. The performance of the U.S. Debt Index Fund is evaluated on the basis of how closely its returns match those of the LBA index.

The F Fund invests in the Barclays U.S. Debt Index Fund by purchasing shares of the Barclays U.S. Debt Index Fund "E," which in turn holds shares of the Barclays U.S. Debt Index Master Fund. As of December 31, 2003, F Fund holdings constituted \$10.1 billion of the U.S. Debt Index Master Fund, which itself held \$25.6 billion in securities.

Notes from front:

¹ Rate of return after deduction of management fees, trading costs, and TSP administrative expenses.

² Rate of return calculated by Lehman Brothers, without any deduction for management fees, trading costs, and administrative expenses.



C FUND

Common Stock Index Investment Fund

Fund Information

Net Assets

as of December 31, 2003
\$56.8 billion

2003 Administrative Expense Ratio

.10% (10 basis points)
\$1.00 per \$1,000
account balance

Benchmark Index

Standard & Poor's 500
stock index
www.standardandpoors.com

Asset Manager

Barclays Global Investors

Returns

as of December 31, 2003

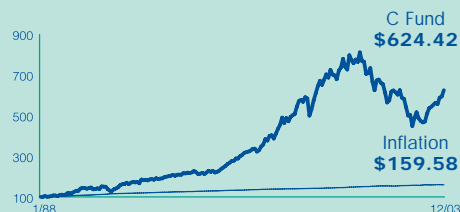
	C Fund ¹	S&P 500 Index ²
1 Year	28.5	28.7
5 Year	- 0.6	- 0.6
10 Year	11.0	11.1
Since Inception	12.1	12.5

Jan. 29, 1988

(See footnotes on back.)

Growth of \$100

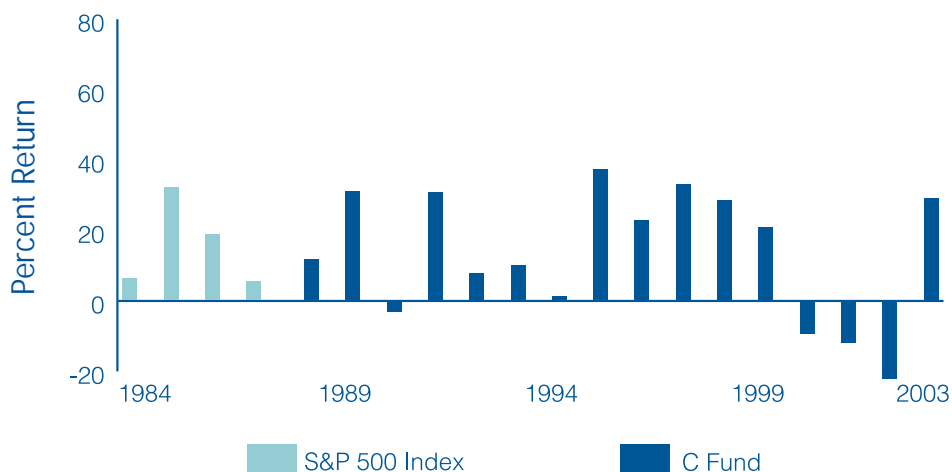
Since Inception



Key Features

- The C Fund offers the opportunity to earn a potentially high investment return over the long term from a broadly diversified portfolio of stocks of large and medium-size U.S. companies.
- The objective of the C Fund is to match the performance of the S&P 500 index, a broad market index made up of stocks of 500 large to medium-size U.S. companies.
- There is a risk of loss if the S&P index declines in response to changes in overall economic conditions (market risk).
- Earnings consist of gains and losses in the prices of stocks, and dividend income.

C Fund Returns* 1984 - 2003



* For periods before the inception of the C Fund, the rate shown is the return of the S&P 500 index (without deduction for management fees, trading costs, and administrative expenses).

S&P 500 Top Ten

Company

Percent of Index

General Electric
Microsoft Corporation
Exxon Mobil Corporation
Pfizer, Inc.
Citigroup, Inc.
Wal-Mart Stores
Intel Corporation
American International Group
Cisco Systems
International Business Machines

3.02
2.89
2.63
2.62
2.43
2.23
2.04
1.68
1.63
1.55

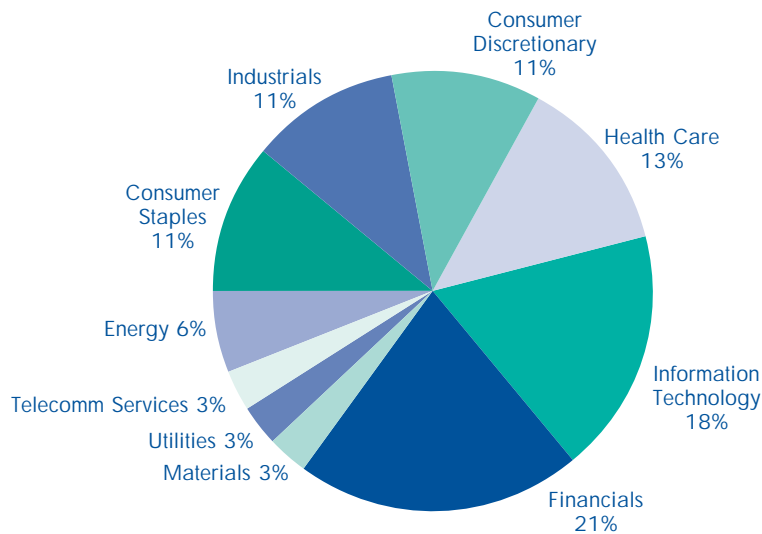
C FUND FACTS

By law, the C Fund must be invested in a portfolio designed to replicate the performance of an index that includes stocks representing the U.S. stock market. The Board has chosen as its benchmark the S&P 500 index, which tracks the performance of major U.S. companies and industries.

The **S&P 500 index** is an index of 500 large to medium-size U.S. companies that are traded in the U.S. stock markets. The index was designed by Standard & Poor's Corporation (S&P) to provide a representative measure of U.S. stock market performance. As of December 31, 2003, 494 common stocks and 6 real estate investment trusts (REITs) were included in the index. (REITs accounted for 0.4 percent of the index's market value.) The companies in the index represented 114 separate industries classified into the 10 major industry groups shown in the chart. The S&P 500 index made up 78% of the market value of the U.S. stock markets.

The S&P 500 is considered a "big company" index; the largest companies represent the largest portion of the index. As of December 31, 2003, the largest 100 companies in the S&P 500 represented 68% of the index's market value. A company's weighting in the S&P 500 index is the total market value of the company (that is, the share price multiplied by the number of shares outstanding) as a percentage of the combined market value of all companies in the index.

S&P 500 Index
Major Industry Groups
December 31, 2003



Barclays Equity Index Fund — The C Fund is invested in the Barclays Equity Index Fund. The C Fund holds all the stocks included in the S&P 500 index in virtually the same weights that they have in the index. The performance of the Equity Index Fund is evaluated on the basis of how closely its returns match those of the S&P 500 index. A portion of Equity Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in S&P 500 index futures contracts.

The C Fund invests in the Barclays Equity Index Fund by purchasing shares of the Barclays Equity Index Fund "E," which in turn holds primarily shares of the Barclays Equity Index Master Fund. As of December 31, 2003, C Fund holdings constituted \$54.3 billion of the Equity Index Master Fund, which itself held \$141.1 billion of securities.

Notes from front:

¹ Rate of return after deduction of management fees, trading costs, and TSP administrative expenses.

² Rate of return calculated by Standard & Poor's, without any deduction for management fees, trading costs, and administrative expenses.



S FUND

Small Capitalization Stock Index Investment Fund

Fund Information

Net Assets
as of December 31, 2003
\$5.9 billion

2003 Administrative Expense Ratio
.10% (10 basis points)
\$1.00 per \$1,000 account balance

Benchmark Index
Wilshire 4500 stock index
www.wilshire.com

Asset Manager
Barclays Global Investors

Returns

as of December 31, 2003

	S Fund ¹	Wilshire 4500 Index ²
1 Year	42.9	43.8
5 Year	N/A	4.1
10 Year	N/A	9.8
Since Inception	5.2	5.5

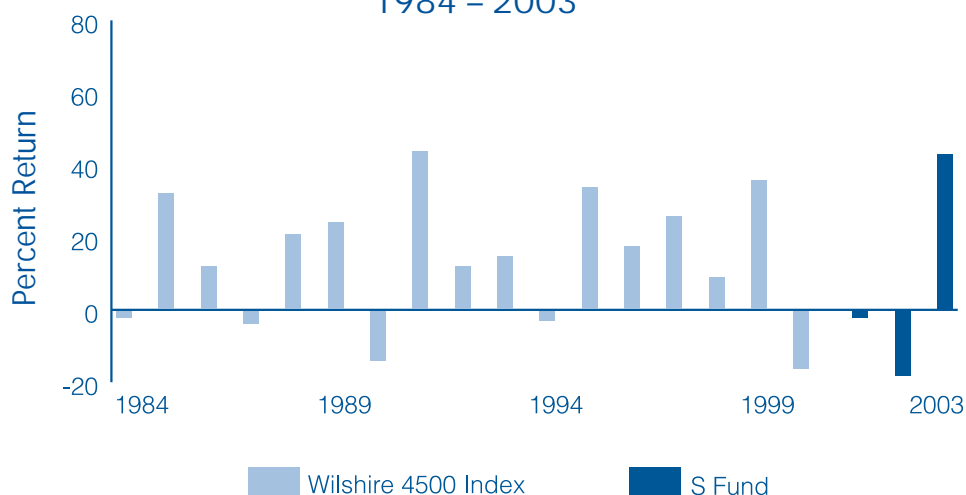
May 1, 2001

(See footnotes on back.)

Key Features

- The S Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of small and medium-size U.S. companies.
- The objective of the S Fund is to match the performance of the Wilshire 4500 index, a broad market index made up of stocks of U.S. companies not included in the S&P 500 index.
- There is a risk of loss if the Wilshire 4500 index declines in response to changes in overall economic conditions (market risk).
- Earnings consist of gains and losses in the prices of stocks, and dividend income.

S Fund Returns* 1984 – 2003



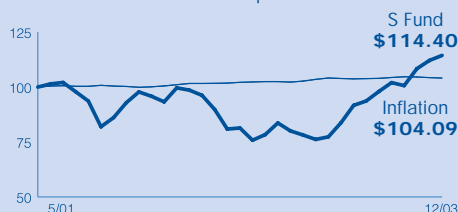
* For periods before the inception of the S Fund, the rate shown is the return of the W4500 index (without deduction for management fees, trading costs, and administrative expenses).

Wilshire 4500 Top Ten

Company	Percent of Index
Berkshire Hathaway, Inc.	3.27
Liberty Media Corp.	1.08
USA Interactive	0.74
Amazon.com, Inc.	0.71
Genentech, Inc.	0.70
Cox Communications, Inc.	0.69
Hughes Electronics Corp.	0.51
M & T Bank Corp.	0.40
Gilead Sciences, Inc.	0.40
Fox Entertainment Group, Inc.	0.35

Growth of \$100

Since Inception



S FUND FACTS

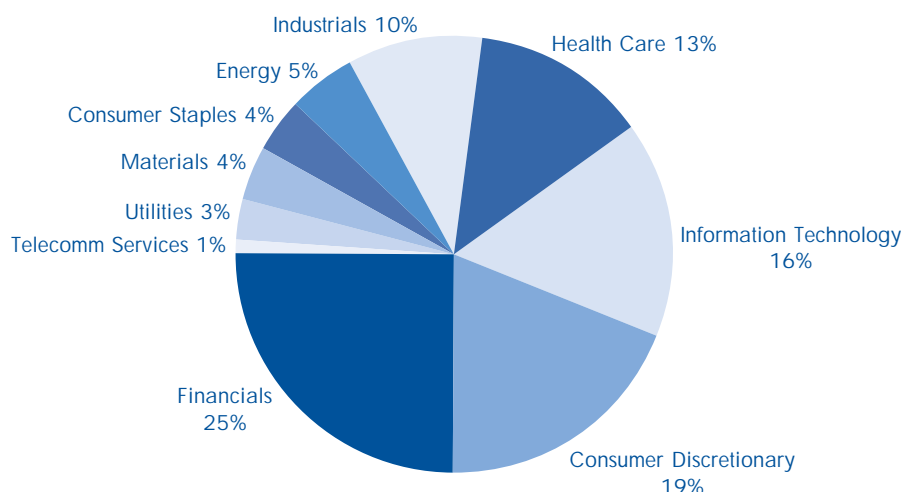
By law, the S Fund must be invested in a portfolio designed to replicate the performance of an index of U.S. common stocks, excluding those that are held in the C Fund. The Board has chosen, as its benchmark, the Wilshire 4500 index, which tracks the performance of the actively traded non-S&P 500 stocks in the U.S. stock market.

The **Wilshire 4500 index** is an index of all actively traded U.S. common stocks and real estate investment trusts (REITs) that are not included in the S&P 500 index. The index was designed by Wilshire Associates to be the broadest measure of the non-S&P 500 domestic stock markets. The index actually contains more than 4500 securities; as of December 31, 2003, the index included 4539 common stocks and 209 REITs. (REITs accounted for 6.4% of the index's market value.) The Wilshire 4500 index made up 22% of the market value of the U.S. stock markets; the S&P 500 accounted for the other 78%. Thus, the S Fund and the C Fund combined cover virtually the entire U.S. stock market.

A company's weighting in the Wilshire 4500 index is the total market value of the company (that is, the share price multiplied by the number of shares outstanding) as a percentage of the combined market value of all companies in the index. As of December 31, 2003, the largest 100 companies in the Wilshire 4500 index represented 25% of the index's market value.

Wilshire 4500 Index

Major Industry Groups December 31, 2003



Barclays Extended Market Index Fund — The S Fund is invested in the Barclays Extended Market Index Fund. The Wilshire 4500 index contains a large number of stocks, including illiquid stocks with low trading volume and stocks with prices less than \$1.00 per share. Therefore, it is not practicable for the Barclays Extended Market Index Fund to invest in every stock in the index. The Barclays fund holds the stocks of most of the companies in the index with market values greater than \$1 billion. However, a mathematical sampling technique is used to select among the smaller stocks. Barclays' mathematical model considers size and industry group to match the industry weights in the index. Within each industry group, Barclays selects stocks that, together, are expected to produce a return that is very close to the industry's return in the Wilshire 4500 index. The performance of the Extended Market Index Fund is evaluated on the basis of how closely its returns match those of the Wilshire 4500 index. A portion of Extended Market Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in futures contracts of the S&P 400 and Russell 2000 (other broad equity indexes).

The S Fund invests in the Barclays Extended Market Index Fund by purchasing shares of the Barclays Extended Market Index Fund "E," which in turn holds primarily shares of the Barclays Extended Market Index Master Fund. As of December 31, 2003, S Fund holdings constituted \$5.6 billion of the Extended Market Index Master Fund, which itself held \$19.9 billion in securities.

Notes from front:

¹ Rate of return after deduction of management fees, trading costs, and TSP administrative expenses.

² Rate of return calculated by Wilshire Associates, without any deduction for management fees, trading costs, and administrative expenses.



I FUND

International Stock Index Investment Fund

Fund Information

Net Assets
as of December 31, 2003
\$2.3 billion

2003 Administrative Expense Ratio
.10% (10 basis points)
\$1.00 per \$1,000
account balance

Benchmark Index
Morgan Stanley Capital
International EAFE
stock index
www.msci.com

Asset Manager
Barclays Global Investors

Returns

as of December 31, 2003

	I Fund ¹	EAFE Index ²
1 Year	37.9	38.6
5 Year	N/A	- 0.1
10 Year	N/A	4.4
Since Inception	- 0.7	- 0.3

May 1, 2001

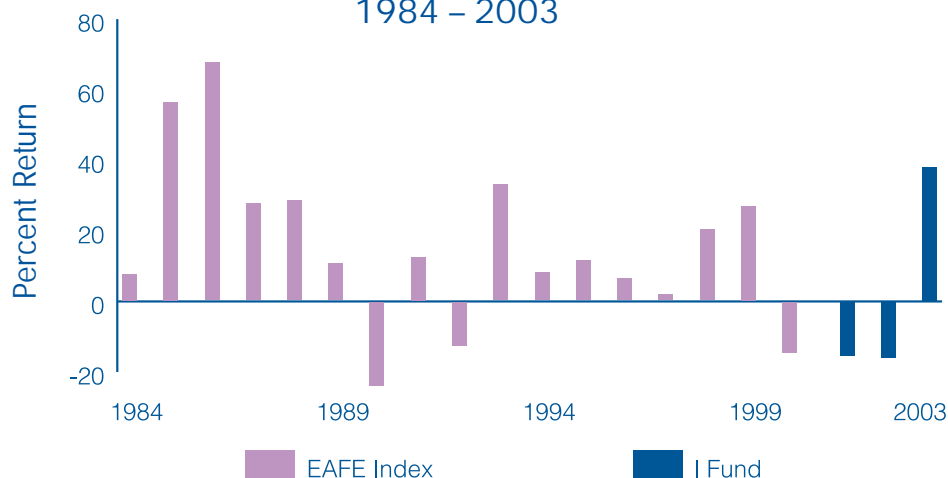
(See footnotes on back.)

Key Features

- The I Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of companies in developed countries outside the U.S.
- The objective of the I Fund is to match the performance of the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) index, a broad international market index, made up of stocks of companies in 21 developed countries.
- There is a risk of loss if the EAFE index declines in response to changes in overall economic conditions (market risk) or in response to increases in the value of the U.S. dollar (currency risk).
- Earnings consist of gains and losses in the prices of stocks, currency changes relative to the U.S. dollar, and dividend income.

I Fund Returns*

1984 – 2003



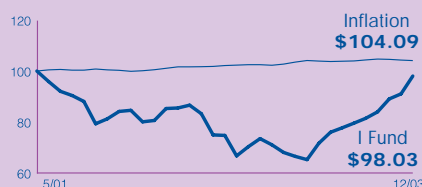
* For periods before the inception of the I Fund, the rate shown is the return of the EAFE index (without deduction for management fees, trading costs, and administrative expenses).

EAFE Top Ten

Company	Percent of Index
BP Amoco (British Petroleum)	2.43
HSBC Holdings (GB)	2.31
Vodafone Group	2.29
GlaxoSmithKline	1.85
Total Fina Elf	1.62
Royal Dutch Petroleum Co.	1.49
Novartis	1.46
Nestlé	1.37
Toyota Motor Corp.	1.24
Nokia Corp.	1.12

Growth of \$100

Since Inception



I FUND FACTS

By law, the I Fund must be invested in a portfolio designed to track the performance of an index of common stocks, representing international stock markets outside of the United States. The Board has chosen as its benchmark the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) index, which tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets.

A significant component of the returns on the EAFE index (and the I Fund) results from changes in the value of the U.S. dollar relative to the currencies of the countries represented in the index. For example, the EAFE index earned 38.6% in 2003, but almost half of that return reflected a decline in the value of the U.S. dollar (which increased the return). If the value of the dollar had been unchanged during 2003, the return would have been 20.3%.

The **EAFE index**, designed by Morgan Stanley Capital International (MSCI), is an index of the equity markets of the developed world outside of the United States and Canada. It is the most widely used international stock index. The EAFE index is “free-float” adjusted to include only stocks that are freely traded. It excludes “strategic holdings” that are not publicly available, such as the holdings of governments, controlling shareholders (and their families), company management, and other companies. Also excluded are shares subject to foreign ownership limitations imposed by governments or companies.

As of December 31, 2003, the index covered the equity markets of 21 countries, as shown in the table. For each country, MSCI selects a group of companies that represent 85% of the national stock market's free-floating market value. The companies are weighted according to their own free-floating market value (share price times the number of free-floating shares outstanding) as a percentage of the combined free-floating market value of all companies included for that country. Similarly, a country's weighting in the EAFE index is the free-floating market value of its stock market as a percentage of the combined free-floating market value of all stock markets included in the index.

Barclays EAFE Index Fund — The Barclays fund holds common stocks of all the companies represented in the EAFE index in virtually the same weights that they have in the index. The performance of the EAFE index fund is evaluated on the basis of how closely its returns match those of the EAFE index. A portion of EAFE Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in futures contracts on the local stock indexes of the countries in the EAFE index. These include the United Kingdom's FTSE 100, Germany's DAX, France's CAC 40, Australia's ALL ORDS, Japan's Nikkei 300, and Hong Kong's Hang Seng.

The I Fund invests in the Barclays EAFE Index Fund by purchasing shares of the Barclays EAFE Index Fund “E,” which in turn holds primarily shares of the Barclays EAFE Index Master Fund. As of December 31, 2003, I Fund holdings constituted \$2.2 billion of the EAFE Index Master Fund, which itself held \$32.2 billion of securities.

EAFE Index

Country Composition December 31, 2003

Country	Percent of Total Value of Index	Number of Companies
Europe		
Austria	0.2	13
Belgium	1.1	19
Denmark	0.8	22
Finland	1.7	19
France	9.9	59
Germany	7.2	47
Greece	0.5	19
Ireland	0.7	13
Italy	3.9	39
Netherlands	5.2	25
Norway	0.5	13
Portugal	0.4	10
Spain	3.7	28
Sweden	2.3	41
Switzerland	7.4	31
United Kingdom	25.8	141
Europe	70.9%	539
Australasia/Far East		
Australia	5.1	70
Hong Kong	1.6	34
Japan	21.4	314
New Zealand	0.2	15
Singapore	0.8	33
Australasia/Far East	29.1%	466
EAFE Index	100%	1,005

Source: Morgan Stanley Capital International

Notes from front:

¹ Rate of return after deduction of management fees, trading costs, and TSP administrative expenses.

² Rate of return calculated by Morgan Stanley Capital International, without any deduction for management fees, trading costs, and administrative expenses.